

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF EOG RESOURCES, INC. TO AMEND THE SPECIAL FIELD RULES TO ALLOW TWO WELLS IN THE UPPER SLIGO, THE SLIGO, AND THE HOSSTON GAS POOLS IN EACH INDIVIDUAL UNIT FOR THE WHITESAND FIELD, LAWRENCE AND JEFFERSON DAVIS COUNTIES, MISSISSIPPI

FILED FOR RECORD

DEC 26 2007

**STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR**

DOCKET NO. 544-2007-398

ORDER NO. 951-2007

ORDER

THIS CAUSE came to be heard on the Petition of EOG Resources, Inc. ("Petitioner") requesting the Board to Amend the Special Field Rules for the Whitesand Field in Lawrence County, Mississippi; and

WHEREAS, the Board finds that due, proper, and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to such matter was given in the manner required by the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service are on file with the Board; and that the Board has full jurisdiction of the subject matter to hear and determine same; and

WHEREAS, pursuant to said Notice, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on December 12, 2007, at 10:00 o'clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the evidence were duly considered by those present at said meeting; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1.

Petitioner is a current operator in the Field. It has just drilled and completed a well known as the Barnes 11-9 No. 1 Well. The Special Field Rules for the Field were last adopted or amended in this Field in Docket No. 70-78-398, Order No. 110-78.

2.

Petitioner seeks authority to allow up to two increased density wells in the Upper Sligo, the Sligo and the Hosston Gas Pools ("the Pools") as previously defined by this Board for each unit.

3.

Petitioner and others have drilled wells in this Field, many of which have penetrated the Pools in question. These wells have proven that the pools only drain limited areas and increased density wells are necessary to recover additional gas which would not be recovered by the existing wells. In addition, many of the Pools are not uniform across the Field. Therefore, for engineering reasons, the Special Field Rules should be amended to allow up to two increased density wells in each of the Pools for each unit. The increased density wells are the best possible manner to produce additional gas to protect the co-equal and correlative rights of all owners in the common source or supply.

4.

Many wells in the Field exhibit low permeability and required fracture stimulation before they will produce in economic quantities. The permeability is low and the wells appear to drain from small areas due to this lack of permeability. Furthermore, the porosity zones appear to come and go throughout the Field.

5.

The amendment to the Special Field Rules as set forth in Exhibit "A" promotes conservation, protects the co-equal and correlative rights of all owners of all owners in interest, avoids the drilling of unnecessary wells and permits oil and gas to be produced which would not otherwise be recoverable.

IT IS, THEREFORE, ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that Special Field Rules for the Whitesand Field shall be and hereby are amended as follows:

SPECIAL FIELD RULES
WHITESAND FIELD
JEFFERSON DAVIS AND LAWRENCE COUNTIES, MISSISSIPPI

The Whitesand Field, as used herein, is that area consisting of the following described land, to-wit:

Township 7 North, Range 19 West
Jefferson Davis County, Mississippi

Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 16: All
Section 17: All

Section 18: All
Section 19: All
Section 20: All
Section 21: All

Township 7 North, Range 20 West
Jefferson Davis County, Mississippi

Section 1: All
Section 12: All
Section 13: All
Section 24: All

Township 7 North, Range 20 West
Lawrence County, Mississippi

Section 2: All
Section 11: All
Section 14: All
Section 23: All

underlain by the Upper Sligo Gas Pool, the Sligo Gas Pool, and the Hosston Gas Pool, as hereinafter defined, and all productive extensions thereof.

I. The Upper Sligo Gas Pool in the Whitesand Field shall be construed to mean those strata of the Sligo Formation productive of gas in the interval between the depths of 14,992 feet and 14,966 feet in the System Fuels, Inc. - #1 Price Estate Well, as shown on the Schlumberger Dual Induction Laterolog of said Well, and all sands correlative of these strata productive of gas, said Well being located 1,500 feet from the South line and 1,500 feet from the East line of Section 12, Township 7 North, Range 20 West, Jefferson Davis County, Mississippi.

II. The Sligo Gas Pool in the Whitesand Field shall be construed to mean those strata of the Sligo Formation productive of gas in the interval between the electric log depths of 15,094 feet and 15,116 feet in the System Fuels, Inc. & Harris-Bianchi-Hewitt No. 1 Mary Hall Well, as indicated on the electric log of said Well, and all sands correlative of these strata productive of gas, said Well being located 500 feet South and 814 feet East of the Northwest corner of the SE $\frac{1}{4}$ of Section 7, Township 7 North, Range 19 West, Jefferson Davis County, Mississippi.

III. The Hosston Gas Pool in the Whitesand Field shall be construed to mean those strata of the Hosston Formation productive of gas in the interval between the electric log depths of 15,526 feet and 15,560 feet in the System Fuels, Inc. & Harris-Bianchi-Hewitt No. 1 Mary Hall Well, as indicated on the electric log of said well, and all sands correlative of these strata productive of gas, said well being located 500 feet South and 814 feet East of the Northwest corner of the SE $\frac{1}{4}$ of Section 7, Township 7 North, Range 19 West, Jefferson

Davis County, Mississippi.

RULE 1 - SPACING OF WELLS

As to the Sligo, Upper Sligo, and Hosston Gas Pools, every well drilled as a gas well:

- A. Shall be located on a drilling unit consisting of (1) 640 contiguous surface acres; or (2) a governmental section containing not less than 600 acres or more than 680 acres; or (3) sixteen (16) contiguous governmental quarter-quarter sections whose total acreage is not less than 600 acres or more than 680 acres. In any case, no other well producing from the same pool shall be located on any such unit.
- B. Any gas drilling unit formed under Section 1(a) of this rule must be completely encompassed by the perimeter of a rectangle 5,580 feet by 6,245 feet. Provided, however, no unit shall be permitted which will create island acreage.
- C. The well shall be located at least 1,000 feet from every other drilling well or well completed in or producing from the same pool located in conformity with this rule; and
- D. The well shall be located not less than 1,500 feet from every exterior boundary of the drilling unit.
- E. Each 640 acre gas unit may contain up to two (2) producing wells from each of the Sligo, Upper Sligo, and Hosston Gas Pools with a full allowable for each increased density well.

RULE 2 - APPLICABILITY OF STATEWIDE RULES

A. All rules and regulations contained in Statewide Order No. 201-51, and any amendments thereto, not specifically covered in the foregoing Special Field Rules are hereby adopted and shall apply to said Field.

B. The Board expressly reserves the right, after notice and hearing, to alter, amend or repeal any and all of the foregoing rules and regulations.

*****End of Special Field Rules*****

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after December 12, 2007.

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

ORDERED AND ADJUDGED this 24th day of December, 2007.

STATE OIL AND GAS BOARD OF
MISSISSIPPI


CHAIRMAN

Prepared By:

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